EXECUTIVE SUMMARY

Opportunities to Strengthen the Medicare Advantage Star Ratings Program

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The Centers for Medicare & Medicaid Services (CMS) has made quality improvement a central component of its efforts to transform healthcare, and as such has been active in expanding and strengthening quality incentive and value-based purchasing programs used across all aspects of the Medicare program.

The Medicare Advantage (MA) Star Ratings program is a quality-based incentive program that links Medicare plan payments to health plan performance on a variety of quality measures. It is one of a number of quality incentive programs CMS uses in the Medicare program to link program payments to quality performance. While the other Medicare quality incentive programs impact fee-for-service (FFS) provider payments under Medicare Parts A and B, the MA Star Ratings are used to adjust the capitated rates that MA plans receive under Part C.

This paper compares the MA Star Ratings program to a number of other quality incentive programs used in FFS Medicare. In examining these programs we focused on three main areas of comparison: measure sets, scoring methodology, and transparency of quality information for consumers. We found key differences between the MA Star Ratings program and other Medicare quality incentive programs, which highlight areas that could be improved in the MA Star Ratings. Additionally, we identified issues common across multiple programs that could help inform CMS as it moves forward with refining and strengthening these programs overall.

On the following pages we present key findings from this work and corresponding recommendations based on those findings.

Measure Sets

- MA plans are evaluated on a greater number of measures, in total, than other groups, including Accountable Care Organizations (ACOs). Currently MA plans that offer Part D (MA-PDs) are evaluated on 44 quality measures—more measures than any of the other value-based purchasing programs. The performance measure set for Accountable Care Organizations (ACOs) includes just 31 measures in 2017.

- Across most programs reviewed, outcome measures remain underrepresented, despite efforts to value these measures by weighting them more. Although CMS has a expressed an intention to emphasize quality measures that focus on health outcomes—as opposed to processes—only 20 percent of the current measures used for MA-PD ratings are outcome or intermediate outcome measures, and even with greater weighting than process measures, they account for only 33 percent of the overall scores for MA-PDs.

- Measures across many programs continue to need better adjustment for the socioeconomic status of beneficiaries served. Measure scores are often not adjusted, or are insufficiently adjusted, to account for the socioeconomic differences of beneficiaries that plans and providers may serve. Recent research suggests this disadvantages plans or providers that serve a disproportionate share of beneficiaries with lower socioeconomic status.

Measure Sets
Recommendations

CMS should reduce the number of measures included in the MA Star Ratings, while focusing on clinically meaningful outcome measures to drive greater improvements in health outcomes.

CMS should continue to examine and test more meaningful adjustments to plans' ratings to account for differences in the socioeconomic status of enrollees.

Scoring Methodology

- Unlike in other programs where the measure of year-to-year improvement can only increase scores, the improvement measures in the MA Star Ratings program can penalize plans. The MA Star Ratings improvement measures can have negative implications for plans, even under the policy to hold high performing plans harmless. This is unique among the programs reviewed. Further, not all plans are able to benefit from the improvement measures, as these measures are not included in the score calculations for lower performing plans.

- CMS recognizes the value of performance thresholds to help drive improvement in other programs, but has recently stopped using them in the MA Star Ratings. CMS will use performance thresholds to incentivize physician improvements under the recently finalized Medicare Access and CHIP Reauthorization Act (MACRA) rules. While the agency acknowledges the importance of providing goals to help focus improvements, CMS recently eliminated the thresholds for MA plans despite plans' objections; many MA plans had used the thresholds to incentive performance among network providers.

- For a number of programs examined, computing a total quality score is complex and can include multiple steps. For instance, scoring methodologies assign relative values to performance levels, combine measures and/or measure categories, apply weighting methodologies, and incorporate adjustments. These factors create multiple layers and moving parts for plans and providers to track, diverting resources away from improvement efforts. Further, the complicated methodologies can divorce actual performance on a measure from overall scores.

Scoring Methodology Recommendations

Given the complexity and multitude of quality incentive programs that providers face, CMS should continue to work towards greater alignment of measures and objectives between FFS and MA plans.

CMS should review the methodology used for the improvement measures in Part C and Part D to ensure it rewards plans for improvements in performance, protects plans that are higher performing from being penalized, and promotes improvement opportunities for all plans including lower performing plans.

CMS should reinstate four-star thresholds for selected measures to more clearly identify desired levels of performance based on prior year trends, as well as expected and realistic improvement standards, and to encourage stable improvement objectives.

Consumer Information

- The MA Star Ratings offer a more consumer friendly model for presenting quality information to beneficiaries, but there is no way to compare MA plan quality to traditional FFS Medicare quality. The five star rating system for the MA Star Ratings program and its display on the Plan Finder website are much less complicated than the information presented on Hospital Compare or Physician Compare. However, there is not sufficient comparable information about the quality of care in the FFS Medicare program for beneficiaries to be able to compare plan quality to FFS in making enrollment decisions.

Consumer Information Recommendation

To aid Medicare beneficiaries in making a fully informed enrollment choice that is based on both cost and quality considerations, CMS should provide comparable measures of FFS quality for beneficiaries to consider alongside MA plans' Star Ratings.

Conclusion

As CMS continues to explore ways to strengthen quality improvement programs in Medicare, it can build off the experiences it has in implementing multiple types of programs for various plans and providers. These recommendations are steps that CMS can take to continue to strengthen how the MA Star Ratings program works and to better drive quality improvements for beneficiaries.

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